

Slap in the face for Scottish steel: The imported pipe, bound for the offshore oil industry, lies at Leith Docks

Trouble in the pipeline for Rifkind as size of steel imports revealed

S 29/3/90

A FRESH row broke over Scotland's embattled steel industry yesterday when it emerged that about 200,000 tonnes of steel pipe, destined for the offshore industry, has been imported through Leith from Japan, Germany and Spain.

The disclosure came as the Scottish Secretary, Malcolm Rifkind, told MPs that he is to meet the British Steel chairman, Sir Robert Scholey, to discuss investment levels at the Scottish steel plants. No date has been set for the meeting, but it is expected to take place soon.

News of the imported pipe, which is being stockpiled near Leith Docks, was broken by Iain Lawson, the Scottish National Party industry spokesman, and led to angry demands from union leaders at the Dalzell plate works at Motherwell for investment to help Scots plants to compete for North Sea orders.

Frank Shannon, union convener at Dalzell, said the welded pipe was of a kind which BS was unable to make but Scottish union leaders had been arguing for five years that North Sea demand would dramatically increase and that relatively modest investment could take Dalzell into that market.

Unions want an upgrading of Dalzell's

By KEITH AITKEN, Industrial Editor

finishing facilities — particularly heat treatment — to triple efficiency in handling bulk orders. With that, they argue, a mill could be added for what BS admits is relatively modest cost to bend the plate into welded pipe.

Mr Shannon estimated the investment needed at £70 million to £100 million and said an order of the magnitude lying at Leith would represent two years' work for Dalzell: "That is one order we have just found out about — how many more orders have come in that we have not known about?"

He suspected that it was BS which had imported and stockpiled the steel, a suggestion later firmly denied by a BS spokesman. Mr Lawson said he thought the steel was likely to be destined for the St Fergus oil terminal at Peterhead.

According to Mr Lawson, a shipment a week of pipe has been reaching Leith since January. Both Mr Lawson and Mr Shannon argued that taking Dalzell into the pipe market would benefit the adjacent Ravenscraig, withdrawn once more from production this week, which sends a quarter of its output to Dalzell.

It would also put the entire process from ore to finished pipe on a single location.

They fear that BS wants to focus its plate- and pipe-making, the sectors supplying offshore industry, on Teesside. "When this massive steel market exists off the shores of Scotland, it is absolutely crazy that we should have our steel industry under threat," Mr Lawson said.

A BS spokesman responded, however, that the oil industry provided an international steel market. BS, he said, supplied other countries' offshore sectors, while the North Sea users bought steel both in the UK and abroad.

In the House of Commons, Mr Rifkind faced opposition demands that he press BS to site both a new plate mill and any proposed pipe mill in Scotland. However a Teesside Conservative MP, Richard Holt, warned him of the potential resentment there should he use his position to wrest the mills to Scotland.

Mr Rifkind said it was up to BS to decide on its investments but that all parts of the UK were entitled to put a commercial case to BS: "The Scottish Office intends to ensure that its views on the whole question of the plate mill strategy in Scotland are taken into account by British Steel."



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DREAMS, MYTHS
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Rifkind floats steel takeover

By Derek Bateman, Rob Stokes and Steve Briggs

MALCOLM Rifkind, the Scottish Secretary, has warned the Ravenscraig workers against building up false hopes that the strip mill and its 770 jobs can be saved.

In an interview with *Scotland on Sunday* Rifkind admits that his intervention last week in an attempt to reverse British Steel's closure plan has no guarantee of success.

But supported by his backbenchers, he is already floating the idea of encouraging a buyer for the plant to create a Scottish competitor to BS.

A takeover was also discussed at yesterday's meeting of the Standing Committee for the Defence of the Scottish Steel Industry in Glasgow attended by representatives of all Scotland's major political parties, industry and the churches.

The meeting agreed to produce a detailed prospectus which will be issued to all those with an interest in and influence over the plant's future. Delegates also decided to commission research to produce a detailed economic argument for the retention of steel making at the plant and suggested a referral to the monopolies commission.

Significantly, the National

Union of Mineworkers has committed itself to fight to prevent the closure, ending five years of bitterness towards the steelmen who worked during the 1984 miners' strike. The miners' gala in Edinburgh on June 9 is he used to build support for the campaign.

Rifkind is anxious not to talk up a takeover before the immediate fight to retain the

Noble called yesterday a Scottish Office investigation investigation into the feasibility. He said: "It would be extremely neglectful not to do so."

Businessman David Murray, who has been asked to lead an effort to save Ravenscraig through a buy-out, told *Scotland on Sunday* that the capital sums involved would be massive and the only option

to buy, or there could be no grounds for keeping it open," he said.

Rejecting any suggestion that there were political reasons for retaining steelmaking capacity at Motherwell, he was also anxious not to give the impression that the mill was bound to be saved.

"It would be extremely foolish for anyone from any political party in government or from opposition to imply to the people of Ravenscraig and of Motherwell that there is some splendid campaign, some splendid course of action which can guarantee success."

There are no such easy options available in the real world."

Claiming he had the unequivocal backing of every member of cabinet for his stance challenging the decision, he said Number 10 had cleared his statement at the despatch box and there had been no disagreement with the Prime Minister or any of his colleagues.

Rifkind was adamant that he was not isolated in cabinet and that tomorrow's government amendment in the Ravenscraig debate appears to support that view. It repeats his argument that the company must defend

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plant within the present company is over but, behind the scenes, backbenchers say he is supporting a campaign to push the buy-out plan.

He pointed out that at the time of privatisation three years ago BS put into its prospectus the possibility that it would make available to another purchaser its Scottish assets if it had no further use for them.

The Scottish financial community believes prospects for an independent buy-out are bleak, but banker Sir Iain

would be for the plant to be handed over free.

Rifkind accepted there was a danger that a campaign to retain production at Motherwell could be a false dawn.

He confirmed he would continue to object to the closure only if the company failed to prove its decision was justified on commercial grounds alone.

"These are the only grounds for keeping any factory open anywhere in Britain and in any industry. Either a factory is producing goods people want



Backing Ravenscraig: Donald Dewar heads a united front at the steel defence committee meeting in Glasgow

STEEL

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its decision, recognises the efforts of the workers and expresses concern at the employment consequences.

Asked if he would be prepared to defy the government if necessary, he replied bluntly: "No, I wouldn't. I am a member of the government and I am bound by the collective responsibility that all ministers share."

According to party insiders, one reason why the Prime Minister can be relied upon to help Ravenscraig if she can is to repay a debt of honour dating from the 1984 miners' strike when the workforce allowed private lorries to supply coal to the plant.

The continuity of production was a significant factor in the strike which was a turning

point in the government's battle against the unions. It also explains her recent statement that she had "a soft spot" for the Ravenscraig workers.

Rifkind has won the full support of his Scottish backbenchers by arguing that he is not proposing Heathite intervention. "That does not mean government does not have an interest in helping where there is a prospect of serious damage to employment."

He also repeated the assertion which outraged his shadow Donald Dewar that the future of Ravenscraig had no wider implication for the Scottish economy. "Ravenscraig is important because it provides more than 3,000 jobs in Lanarkshire. Full stop."

But despite his view, Labour MPs are planning to raise the position of ScotRail in tomorrow's Commons debate following a private briefing given to 15 Scottish MPs.

The MPs claim the loss of

Ravenscraig will cut 40% of ScotRail's freight business at a cost of £20m a year, threatening the existence of the freight service and making virtually impossible any investment in east coast rail electrification to speed up business between Scotland and Europe.

The Scottish Secretary is making clear his doubts about BS's judgment, pointing out that in 1987 the company nearly closed the strip mill down. A stay of execution was agreed and three years of bumper production followed, proving its viability.

Rifkind had a stormy meeting with Sir Robert Scholey, the BS chairman in London last Tuesday when he expressed his astonishment that the Ravenscraig mill was to go despite the success of the workforce in meeting the demands for increased productivity.

Rifkind said Scholey put up

no case for closure at the meeting and gave very little detail. An infuriated Rifkind is now insisting on examining the company's case and is challenging BS to explain and defend its decision to the workforce.

Hamish Morrison, chief executive of the Scottish Council Development and Industry, said yesterday the government had an absolute duty to question the actions of British Steel if it is abusing its monopoly position.

But Rifkind said the idea was not a matter for him. Any referral should be through the Director of Fair Trading.

He is attracted by the idea of a takeover either by a domestic operator or one from overseas and drew a parallel with the departure from Stirling of Wang, the computer firm and the government's success in persuading Compaq to move into the plant.



THE GLASGOW

HERALD

SCOTLAND'S NEWSPAPER

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Ploy to defuse Ravenscraig

BRITISH Steel has made clear that it has no intention of reconsidering its decision to close the Ravenscraig strip mill. The board has a responsibility, according to its chief executive, Mr Martin Llowrach, to its shareholders and workforce to make the business as competitive as possible. Competition, he says, is on the increase "and is not confined to these islands". This is a most inadequate explanation for a decision that is being queried on commercial grounds and that has such enormous potential repercussions. It is curious that the company can claim to be making the decision in the interests of its workforce as well as its shareholders, for it has shown little concern on their behalf. The workers, who have earned praise from the Prime Minister for their record-breaking productivity performance, were not given any warning of what was lying in store for them.

But there is a wider issue, as British Steel well knows. It is not good enough for Mr Llowrach to talk as if the company is standing firm against pressure "from the political sphere". It is not narrow political opportunism that he is up against but a much wider constituency. Concern about the closure crosses party boundaries and is not the monopoly of politicians. The CBI in Scotland supports the campaign to keep Ravenscraig. The Scottish Council has advocated an approach to the Monopolies and Mergers Commission because of a suspicion that the company is cutting

capacity in order to control prices. The Secretary of State for Scotland is committed to the attempt to have the decision reversed. The Scottish Tory back benchers signed a Labour motion urging the Government to do everything possible. And the Government, in its amendment to last month's Labour resolution, went as far as to invite the company to explain its decision.

How much is that amendment worth now? Cynics might ask how much it was ever worth, but in fact it did provide the possible basis of at least a minimal consensus. The test was how much weight the Government was prepared to put behind it. Not much, it is now evident. Mr Ridley has shown little interest. Mrs Thatcher cheerfully pulled the rug from under the campaign in a letter to Labour's Trade and Industry spokesman in which she stated that if British Steel had concluded that a hot strip mill was not viable that was a commercial decision for them to make. The attempt to have the decision reversed, she further implied, would only hamper the quest for new investment. The cynics were right; the amendment proves to have been no more than a ploy to defuse the debate. It is not really surprising that British Steel, far from reconsidering its decision, has declined the Government's half-hearted invitation to give its reasons and has declined to respond commensurately to the serious and detailed case being made for retention. It is deeply unsatisfactory all the same.

Bluster on Ravenscraig

June 5.

Sir,— British Steel is the most efficient steel operation in the world, but is under hot pursuit by the West Germans and the French, and the gap is now very narrow.

Ravenscraig is efficient but is in the wrong place. It needs £22m investment to bring it up to scratch, but its capacity, only 4% of which is used in Scotland, is not needed as Port Talbot, much better positioned on the coast, can fully meet projected demand at lower cost.

Ravenscraig could have a great future if and when one-step smelting changes the whole ball game in a few years time. This promise makes it a saleable enterprise. Sir Robert Scholey's action is guided by the simplest commercial necessity; his timing and manner are crude.

The cold unemotional facts bear little relationship to the hot air, bombast, posturing, hypocrisy, and political opportunism we have recently endured from every side; politicians, chest-thumping nationalists, thundering editors, indignant broadcasters, Church of Scotland politburo, et al. In fact, the so-familiar bluster-show every time any industrial plant closes here.

If Edwina Currie's criticisms of our unhealthy diet brought a tidal wave of outraged righteousness, what about calling us subsidy junkies? Nothing hurts like the truth.

Imagine Scotland, with its open spaces, low pollution, cheap housing, and fabulous scenery, setting up its stall like a Pacific Rim small country, with pro-enterprise policies, low taxes, low red-tape, no-strike, anti-interventionist attitudes. We would prosper out of all knowledge. The deserving poor would rise like corks, and the filthy rich would get filthier and invest the extra filth. Prosperity would blow away bad housing and other deprivations which socialism always makes worse.

The reality is the reverse. The precisely opposite values are broadcast, written, taught, and preached, and our ethos becomes more and more one of dependency, grievance, xenophobia, indiscipline, and low motivation.

While even our humble blackbird, having mated, nested, bred and fed against all the competition, sings its own free song on its own branch, officialdom-guided Scotus Socialisticus ("one-third" single-parent), lives in soulless warrens, fills in forms, and cannot choose the colour of its own front door.

Socialist primitives, particularly the nationalist variety, if they ever get their way, threaten to turn this beautiful country into a northern slum.

**Bill Forsythe,
17 Ainslie Road,
Girvan.**

The Herald welcomes letters to the editor and reserves the right to edit them. They should be written on one side of the paper only, must be signed, and should include a daytime and evening telephone number. Letters should be addressed to: The Glasgow Herald, 195 Albion Street, Glasgow G1 1QP.

Cutting comments on the Ravenscraig affair

FOUR weeks ago *Scotland on Sunday* published an article by the writer James Kelman on the closure of the strip steel mill at Ravenscraig. Subsequently Mr Kelman has published *Fighting for Survival: The Steel Industry*. In the pamphlet he alleges that the original essay was censored for political reasons.

This is an allegation we refute. Our reason for asking James Kelman to write the article was simple; his reputation and integrity are unimpeachable. Few have his understanding of the West of Scotland; fewer still have the ability to communicate it. We regarded the Ravenscraig closure as a historic, cataclysmic decision for Scottish industry; something out of the ordinary was required from a compassionate and intelligent newspaper in response.



Happily, after at first reluctantly turning us down, Mr Kelman agreed to take the commission. He filed his copy late on Friday night, close to our deadline. As he himself acknowledges in the pamphlet, it was mutually agreed that this version needed "more personal reflections". This is hardly the suggestion of a paper trying



Second opinion: Kelman's pamphlet, left, and the original Spectrum feature.

to temper or tamper with the views of a contributor. When the revised version arrived mid-morning on Saturday, it was longer than the original, but just what we wanted. There was just time to tell Mr Kelman so before he went out for the day.

Space had been allotted to Mr Kelman's article, but the reworked piece was too

long. We think his essay was edited sensibly and sensitively. Contrary to the impression given in his pamphlet, Mr Kelman's article was edited by the commissioning editor. Politics had nothing to do with it. Few of the cuts are substantial; the longest is a quote from the *Independent on Sunday*, a rival we are not in business to promote.

But you must judge for yourselves. We hope that James Kelman will write for *Scotland on Sunday* in future. In the meantime *Fighting for Survival* is on sale in newsagents and bookshops or from the Clydeside Press (Publishing) Ltd., 37 High Street, Glasgow, at 45p. We urge readers who missed the original to buy it — perhaps then they will understand why we invited Mr Kelman to write for us.

HOME NEWS

GLASGOW HERALD FRIDAY JUNE 22 1990

Tories urge Ravenscraig sell-off

By **WILLIAM CLARK**,
Scottish Political
Correspondent

THE Scottish Conservatives' voluntary wing has called on British Steel to be prepared to sell its Scottish works to foreign buyers long before the 1994 deadline for Ravenscraig.

The Scottish Conservative and Unionist Association executive has sent copies of a demand to BS to come clean on its intentions for the industry in Scotland to Mrs Thatcher, Industry Minister Nicholas Ridley, and Scottish Secretary Malcolm Rifkind.

Its determined intervention, in what is an increasingly bitter dispute between Mr Rifkind and Mr Ridley, will surprise the other parties, but has the support of Tory backbenchers like Mr Allan Stewart (Eastwood).

Mr Michael Hirst, SCUA president, who released details of its demands, said that it would not matter if buyers for the Scottish steelworks were BS competitors from Japan or West Germany so long as the industry survived profitably in Scotland.

He said yesterday: "I don't think that the identi-

ty of the owner matters so long as the opportunity exists for reasonable prospects for a viable industry, providing employment and producing a product that the market place wants."

Mr Hirst, the former MP for Strathkelvin and Bearsden, said the executive had discussed the current Scottish steel crisis after the announced closure of the hot strip mill at Ravenscraig and backed Mr Rifkind's stance of exploring Sir Robert Scholey's announcement.

When the talks took place, Mr Rifkind was in possession of Sir Robert's

detailed explanation of the reasons for closure, but kept it private for reasons of commercial confidentiality.

Mr Hirst, defending the call for a sale that comes perilously close to the SNP's demand for a separate Scottish steel industry, added: "We feel it would be better if the facilities should be offered for sale to a third party in the near future rather than let British Steel gut the plant over a period of years so that there is no commercial future."

"We hope that this does not become the situation, but in fairness this was our

conclusion after a wide-ranging discussion."

Mr Hirst said that many Scots had become shareholders in the company when it was privatised and he suggested: "If they don't care for the contemptuous way Sir Robert Scholey treats Scottish opinion, then why don't they attend the agm next month and express their view to him as co-propriators in the firm."

The 10-point SCUA statement begins by stating it strongly questions the commercial judgment of British Steel.

The statement argues: "The committee believes

that BS must already have worked out its long-term plans for its steelmaking activities in Scotland.

"In all fairness to its employees and their families, to its suppliers and others dependent upon the steel industry, and to the people of Scotland, BS should now declare its intentions for the future of the steel industry in Scotland."

It adds: "BS should now be called upon to honour the spirit of the undertaking which it gave when it returned to the private sector, to offer its surplus Scottish facilities for sale to a third party."

Nationalists warn Scholey of plan to force rejection of annual steel report

By WILLIAM CLARK,
Scottish Political
Correspondent

SCOTTISH Nationalists heading for a stormy confrontation with British Steel chairman Sir Robert Scholey have warned that they will attempt to have the annual report rejected at tomorrow's annual meeting in London.

The SNP group, led by steel spokesman Iain Lawson, stressed in Glasgow yesterday they would not use "wrecking methods", but business arguments to try and force a change of heart over the closure of the Ravenscraig hot strip mill early next year.

The SNP's main purpose will be to support the nomination of Scottish in-

dustrialist and academic Sir Kenneth Alexander to the BS board.

Mr Lawson said: "British Steel is covering up the huge potential for Scottish steel and misleading its own shareholders."

"They have a 24% increase in profits but that is poor compared with what they should achieve if they exploited the market on their own doorstep in the North Sea — the equivalent of 10 Channel tunnels."

"We want to create an atmosphere where the shareholders will challenge the board's strategy which is against economic sense and creates misery for other businesses."

The SNP's warnings came as a delegation from the Standing Committee

for the Defence of the Scottish Steel Committee flew to Brussels for meetings with European Commissioners Mr Bruce Millan and Sir Leon Brittan.

Mr Ken Collins, Strathclyde East Euro-MP, said: "We are hoping to persuade the commission to initiate an inquiry into the affairs of British Steel. It is our belief that in the absence of a commercial case for closure by BS of the strip mill, they are engaged in backstairs price-fixing. We hope the commission will want to investigate in the public interest."

Mr Lawson called for a united front not only among the political parties in favour of Sir Kenneth's nomination, but also from

Scottish firms and financial institutions.

Scottish politicians, the STUC, and individual trade unions and steelworkers from Ravenscraig and Dalzell works will attend tomorrow's annual meeting hoping to find a way to challenge the strip mill closure decision that will cost 780 jobs.

The fear is that once this is approved, British Steel will then move against the remaining core of the steel industry in Scotland, placing more than 10,000 jobs at risk by the mid 1990s.

Mr Lawson said that the SNP members, including MPs Jim Sillars and Margaret Ewing, would seek to challenge the chairman's recent 79% pay rise to £308,451, investments in

West German and Spanish steelmaking, and rumoured discrepancies in the annual report, allegedly revealing an unaccounted loss of 1.6 million tonnes of production.

He warned that if this failed to win a shift in Sir Robert's attitude they had "plans to put maximum pressure on him and embarrass BS in a major way".

He claimed that while the annual report sought to give the impression that BS had a healthy 61% share of the British market it presented piecharts that gave a false impression of performance.

Mr Lawson added: "They only cover British Steel's own product range

and ignore the massive steel market which BS either cannot or will not compete for."

"The SNP have obtained figures which show that over the past decade BS has in reality only achieved a dismal share of around 55% of the total UK steel market. The BS board are fiddling the figures by excluding most of the massive imports, particularly for the North Sea."

He argued that a relatively modest investment of less than £250m could ensure a profitable future for Ravenscraig, Dalzell, and Clydesdale works in a separate Scottish Steel industry.

It was a measure of BS's "incompetence" that after

25 years of oil and gas development in the North Sea only 1% of the steel orders for the new Beryl pipeline had been won by the company.

Councillor Bill Miller, chairman of the standing committee, said: "There are a number of options for Ravenscraig which could be viable, including operation by another steel company, and use as a development plant for new technology, possibly by a consortium."

"There is a serious danger that BS would obstruct that possibility by closing the hot strip mill. Ravenscraig would then be confined to the more unstable and less profitable slab markets."

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Rifkind enlists SDA in Ravenscraig fight

By IAN BRUCE and
STEPHEN MCGREGOR

THE SCOTTISH Secretary yesterday ordered an inquiry into the future of the steel industry in Scotland. The move follows the refusal by British Steel chairman Sir Robert Scholey to reveal the full commercial reasons for the proposed closure of Ravenscraig's hot strip mill with the loss of 770 jobs.

Mr Malcolm Rifkind, who urged the company to reconsider, said he felt BS had not justified the decision because of the lack of details.

The inquiry into the viability of steel making north of the border is to be carried out by the Scottish Development Agency. It was ordered after publication yesterday of a June 14 letter from BS to the Scottish Office. The letter strongly defended the closure decision while failing to disclose "quantitative information relating to matters of a commercial nature, or which are profit-sensitive".

The eight-page reply to a demand for justification of a move which effectively puts the Ravenscraig complex on four years' notice blames growing foreign competition and increasing efficiency and capacity at BS's two South Wales plants for the closure of the Motherwell mill. But it does not provide a detailed breakdown of costings or productivity.

It also warned that after 1994, demand for Ravenscraig's products would depend on "the prevailing

economic and commercial scene", and said the two Welsh plants had better productivity than Ravenscraig. This claim was disputed by the Scottish unions, and described as misleading.

Mr Rifkind said last night: "I accept that, given the constraints on the company's ability to disclose market-sensitive information, the letter helps us to understand BS's thinking. However, in the absence of quantitative data on which many of its conclusions are based, and knowledge of judgments it has exercised, it is not justified for us to say that BS has demonstrated that its proposal to close the hot strip mill is justified."

He said the SDA had been tasked with analysing the future of the industry "to identify any opportunities for this sector, and to assist us to discharge our responsibilities in relation to any potential contraction of the sector".

A Scottish Office spokesman said Mr Rifkind would not be writing again to BS to demand more information, although he would expect to have further meetings and exchanges with Sir Robert from time to time, "as he would with the chairmen of other businesses with significant interests in Scotland".

Labour's Trade and Industry spokesman Mr Gordon Brown said: "BS's response is inadequate and wholly incomplete. It is a hotch-potch of unsubstantiated assertions and rehashed figures which fails to answer the central questions, and fails to

restore our good faith in BS's good faith."

Shadow Scottish Secretary Mr Donald Dewar said he did not accept Sir Robert's arguments and accused the BS chairman of being obsessed with the crude doctrine that "big is beautiful."

He went on: "He asserts that Ravenscraig is the least productive mill without producing any evidence. It is argument by accusation of the crudest kind. The set of figures he is determined not to produce are those concerning the productivity and profitability record of Ravenscraig itself."

Mr Dewar said the decision to ask the SDA to analyse the prospects for the steel industry in Scotland was right, but described it as "a case of better late than never."

Mr Jim Sillars, the SNP's vice-president, called for the establishment of an independent Scottish steel industry able to compete for the North Sea market on its doorstep, and accused the Scottish Secretary of "mouthing half-hearted excuses".

He said: "Scholey's letter is the clearest possible admission of his determination to strip Scotland of orders and investment for the benefit of southern plants. As far as Scholey is concerned, there is no long-term future for the Scottish steel industry as part of BS, and there is no prospect of persuading him to change his mind on the strip mill closure."

Mr Sillars said he would be tabling

questions in Parliament demanding to know when Mr Rifkind would be giving the SDA specific orders to examine the feasibility of an independent Scottish steel industry and search the world for potential investors.

"We cannot afford to wait until BS has run down Ravenscraig and shut the strip mill. There will be nothing viable left by the time Scholey has finished. Instead of playing Pontius Pilate, Rifkind must take the lead to force the company to release its Scottish operations."

Mr Malcolm Bruce, leader of the Scottish Liberal Democrats, said: "The letter does not say anything new but I believe the statement that British Steel would not sell the hot strip mill justifies a reference to the Monopolies and Mergers Commission."

"The case for re-opening Ravenscraig is a UK issue on competition and trade grounds. Liberal Democrat MPs will be meeting the Secretary of State for Trade and Industry, Mr Nicholas Ridley, shortly and will be demanding a referral as the only way of getting the necessary information and exploring fully the competition and trade issues."

Mr Tommy Brennan, the union convener at Ravenscraig, challenged the BS chairman to meet shop stewards from the plant and use facts and figures to justify his case. And he described claims in the BS letter that

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Rifkind calls in SDA

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the Welsh works' man-hours-per-tonne of steel were better than Motherwell's as misleading.

Welcoming Mr Rifkind's reaction to the document, Mr Brennan said: "This document does not justify or qualify in any way the decision to axe the strip mill. If we are compared on a like-for-like basis with the Welsh plants, Ravenscraig will emerge as a very competitive entity. Sir Robert has so far refused to meet us because he knows he is incapable of producing hard evidence to prove his case."

STUC general secretary Mr Campbell Christie said the Scottish Secretary was right to be sceptical of BS's explanation. It dealt only with the limited but critical question of the hot strip mill while failing to mention "the hidden agenda to end steel making at Ravenscraig in 1994".

If that happened, Britain would no longer produce electrical steels and high-grade plate for submarine hulls, offshore installations, earth-moving equipment, and armour plating.

He went on: "The special steels Ravenscraig

produces are, by definition, small orders. They are therefore more expensive, and a lot more trouble to make. But they also sell for a great deal more." He said that meant Sir Robert was "being economical with the truth in reference to productivity and special steels."

"I remain concerned that the only commercial basis for ending steel making at Ravenscraig is that BS is prepared to give another producer its order book for special steels. That may point to a German producer, as nobody else in Europe currently has the capacity to do electrical steels."

"BS would only do this on the basis of a quid pro quo: a guarantee of a slice of the European market in other products. We are currently gathering hard evidence on such a deal. I look forward to seeing the expression on Bob Scholey's face when Leon Brittan tells him he is breaking the law."

The Scholey letter says BS currently has 15 major competitors in Europe alone, and pressure from other major producers such as Japan and Korea. Reducing BS's three hot strip mills to two, at Llanwern and Port Talbot

in Wales, and transferring Ravenscraig's order book to these plants would "reduce both fixed and operating costs".

It continues: "On a like-for-like basis, up to and including the hot strip mills, both Llanwern's and Port Talbot's man-hours per tonne productivity is better than Ravenscraig's, which is hardly surprising, given that Ravenscraig's mill has by far the lowest capacity out of the three mills in the Strip Division."

"Despite this, Ravenscraig's mill requires broadly similar manning levels for an equivalent number of shifts. It is, therefore, the least productive, a difference which will become very much more marked when the South Wales mills are loaded more fully with the transfer of the Ravenscraig order book."

It also claims that all Ravenscraig's special quality steels can be rolled at other plants. The product range would remain unchanged, with the exception of "a limited tonnage of low margin, high silicon steels" which would be imported in the short term until investment in the Welsh plants allowed the work to be undertaken there.

Significant volumes of slab steel would continue to be taken from Ravenscraig until new continuous casting machines were commissioned in Wales. But after 1994, demand for Ravenscraig's products would depend on "the prevailing economic and commercial scene".

BS's decision to close the hot strip mill at Ravenscraig instead of investing in it to improve its output was based principally on a forecast that the two Welsh plants would be able to fill the company's projected order book for both domestic and export products. The increase in efficiency and cost-savings from concentration of the strip operation would allow the company to compete more viably in the growing European market.

Driver dies

A Shetland lorry driver was found dead at the wheel of his vehicle yesterday. Shetland police said the man, who has not been named, was the only person in the lorry when it left the road near the village of Brae. There were no suspicious circumstances and no other vehicle was involved.

Cold analysis of Ravenscraig

SIR Robert Scholey has at last replied to Mr Rifkind's request for information about the decision to close Ravenscraig. It is as cold as the steel his company produces. Ravenscraig is doomed. Its capacity is to be removed and production is to be concentrated in Wales. Even with the best efforts of the workforce, its unit cost must necessarily be higher than in Wales or elsewhere in Europe. It is a matter of size, of economies of scale. The Welsh capacity is sufficient to meet all forecast demand in a European market that is oversubscribed. The surplus has been augmented by the loss of Russian markets because of defaults on payments due. It makes bleak reading, all the more so because it is notable for its almost complete lack of concern for the social consequences of the closure, which will be damaging to the point of devastation in Lanarkshire in particular and the West of Scotland in general.

His letter is the blunt analysis of a chairman whose responsibility is to his shareholders. That, you could argue, was the inevitable result once BSC was privatised. Yet even in a public company (rather than a company in public ownership) there is more to the profit-and-loss account than the bottom line. That extra quality has been called the social audit — or the commitment a responsible company must have to the community that has helped nurture it. Even in that supreme bastion of capitalism, the US, responsible companies pay their dues to the community chest. Sir Robert's letter makes sad reading in that extra sense too because of its tone of indifference to the fate of the communities which will be blighted by the closure. Perhaps it is as well that Sir Robert did not shed crocodile tears. Maybe it's better to have it straight from the shoulder rather than tinsel-wrapped in cant.

Steel is more than a simple commodity. It

is a symbol of heavy industry and an industrial culture that has in Scotland been under sustained pressure for the last decade and more. That is why Ravenscraig has acquired such emotional and political importance, for its closure will for many signal the end of an economic era. If British Steel cannot take account of the Scottish national interest, then the Government should do so. Unfortunately this Government seems positively hostile to such considerations. It evinces irritation at the very idea of the Scottish interest: and then it is surprised when Scotland evinces dislike of the Government. Mr Nicholas Ridley seems firmly opposed to any reference of the closure to the MMC on the grounds, now confirmed by Sir Robert's letter, that British Steel is removing capacity to protect its private monopoly in Britain. Mr Rifkind has done about the only thing open to him, isolated in the Cabinet as he seems to be: he has commissioned an independent report from the Scottish Development Agency. Whether any such report can produce action of a kind that would guarantee a future for steel in Scotland is very doubtful. But he has few other cards to play beyond resignation and, even there, it is probable that Mrs Thatcher would accept it with equanimity. And so he might as well stay and fight with whatever weapons he can find. Scottish Conservative circles are awash with rumours of an impending reshuffle involving Mr Rifkind. These appear to have been inspired by a Sunday newspaper report that Sir Geoffrey Howe was to be posted as ambassador to South Africa and that Mr Rifkind would succeed him as Leader of the House. Such speculation appears to be without foundation. Mr Rifkind must soldier on through a bleak period in his political career. We do not think he can reverse the Ravenscraig decision; but he should keep on trying.

Miners' strike and the power of the catchphrase

By ROBBIE DINWOODIE

THE extraordinary power of the "bongs" — as television news headlines are dubbed because of the News at Ten's Big Ben opening — is revealed in a new study by Greg Philo of the Glasgow Media Group, which examines the impact of coverage of the 1984-85 miners' strike.

The book, *Seeing is Believing — the Influence of Television**, looks at the influence of television news and the mechanisms by which we receive its messages. But it also shows that personal experience is a powerful antidote to our receptiveness, creating a North-South divide in attitudes towards the miners' strike.

"The biggest surprise was the degree to which television news broadcasts were not transitory. The ability of people long after transmission to reproduce sections word for word was a very surprising result," said Philo.

"The other main finding, though, was the way that this was balanced by the question of personal experience. The way people respond is complicated. Television is obviously a very powerful medium but the way it affects you is very dependent on your own personal experience. The absorption of images is hard to predict because of the subconscious nature of the way we receive them."

The exercise began with his students at Glasgow University. He was interested in the way television's words and images work against viewers' personal sympathies. Groups were asked to construct their own news broadcasts from a series of still photographs taken from original newscasts. Philo included a deliberately ambiguous image, a close-up of a shotgun.

He found that even students sympathetic to the strikers tied the weapon to violence by pickets. In fact, the weapon had belonged to a strike-breaker, but Philo believes that it was television news journalists' preoccupation with violent picketing which planted the opposite assumption.

He decided to broaden the survey, and more than a year after the strike ended he began to conduct similar experiments with different groups of people throughout the country. Even after this time lapse people produced versions of startling similarity to the original newscasts. A group of residents from a housing estate in Essex came up with: "As the drift back to work in the mines began to gather momentum, violence erupted."

An ITN headline during the dispute ran: "Worst picket violence yet but miners continue their drift back." A group of Scottish trade unionists produced: "On a day that saw an increased drift back to work... further violence was taking place." Philo said: "What we didn't expect at all was the way they were reproducing exact headlines from the television news, even years after the events."

Philo believes repeated use of phrases such as "picket violence" and "drift back to work" meant coverage of the conflict took place on an agenda which must have delighted the National Coal Board.



He said: "The phrase 'the Scargill surcharge' was actually used to describe the cost of the dispute, but the question of who is responsible for the damage to society caused by a major industrial dispute has to be debated — it cannot just be assumed in a highly politicised phrase like that. People need better information."

"The value of such catchphrases is well known to advertisers and politicians alike, whether it's a slogan selling soap powder or political terms like 'one-sided disarmament' or 'the winter of discontent.' Phrases have the power to shape our thoughts against the evidence in front of us. These phrases and messages become part of the public consciousness. They offer a way of thinking, not just a description."

There was a geographical difference in response. "People in the North had more access to direct experi-

ence. Television's phrases and images are best at filling a vacuum, and find it harder to overcome real experience," he said.

"No London secretaries had been involved in a strike, or driven past a picket line. The important thing was *knowing* miners. Even Conservative-inclined people who had met miners, on holiday for example, said they simply didn't believe the line about picket line violence. A group of elderly people in Shettleston, even some who were fairly right-wing, said they knew miners so they believed the violence must be the fault of outside agitators."

Doesn't this mean that television isn't that powerful a medium after all? "No, because the great mass of television viewers have no real chance to gain counter-experience to what they are being offered on complex,

■ Police and pickets during the miners' strike: personal experience was a powerful antidote to our receptiveness, creating a North-South divide in attitudes.

abstract issues such as the economy, or Iran. On every television news broadcast we are told whether the pound has gone up or down, and yet 99% of viewers have no real understanding of why that is good or bad."

From the group whose books since *Bad News* in 1976 have raised the hackles of broadcasters, the latest offering is less combative, less directly political, asking subtle questions about how we assimilate information in an age of mass media. It confirms the power of the catchphrase. Years from now — even if problems of the environment, food safety, and local taxation have been solved — we will still remember the greenhouse effect, mad cow disease, and the poll tax.

*Published by Routledge.

British Steel again target for critics

By CARL GORDON

THE action of Mr Harry Ford, managing director of the tubes division of British Steel, in failing to meet shop stewards but announcing to the Glasgow Herald that 1000 jobs hung in the balance at the Clydesdale tubeworks in Mossend, Lanarkshire, was strongly criticised yesterday.

Dr John Reid, MP for Motherwell North, condemned British Steel for "trying to treat workers in the 1990s with the industrial relations of the 1790s."

The criticism came after a statement by Mr Ford in yesterday's Herald in which he said that although he did not know when a deadline would be put against the Clydesdale works, it could be "next week."

In a letter to Mr Ford, Dr Reid pointed out that a wide cross-section of people, including himself and Clydesdale workers' representatives, had long been pressing for investment in the mills at the plant.



Yesterday's Glasgow Herald reveals the threat to jobs.

He went on to say that he understood the Clydesdale men had requested a meeting with Mr Ford some seven months ago to discuss these issues and the desperate need for investment.

"Indeed, considerable work has been done on this by the workforce themselves, and you will know that the range of options which they believe would critically enhance the production yield of the Clydesdale plant ranges from an investment of £8m to £10m upwards," he wrote.

Despite this, a personal meeting between the stewards and Mr Ford had not been granted, said Dr Reid:

He continued: "Bearing this in mind, and the fact that you have

made it plain on a number of occasions that you consider such information should first and foremost be a matter between management and workers, I find the publication of your statement in the press this morning surprising, to say the least."

It was precisely because of the handling of industrial relations within British Steel that Sir Kenneth Alexander stood for the board of BS at the annual general meeting, he continued.

He urged Mr Ford to respond positively "even at this late stage" to the workers' request for a personal meeting in order to avoid a situation such as yesterday's, when extremely depressing information was passed from the management to the workforce via the media.

Strathclyde Region's economic and industrial development committee joined in the general attack on British Steel yesterday and Councillor Bill Miller, the committee's chairman, said it was the first time BS had formally indicated its intentions for Clydesdale.

"British Steel stress the need for forward planning, but refuse to consult properly with the local authorities and others who will have to cope with the consequences of closure," he said.

He criticised British Steel's warning that local resistance to steel closures should not block jobs regeneration in Lanarkshire.

"The standing committee set up to defend the Scottish steel industry has as its first priority the retention of steel jobs in Scotland, but if the worst came to the worst we would be as constructive as possible in looking at alternatives for the Lanarkshire economy," he said.

Criticising British Steel's lack of courtesy towards local authorities and communities, he said: "It is astonishing that British Steel should express a thinly veiled attack on the campaign when they have consistently refused to explain their decision on the hot strip mill."

Councillor Miller also criticised British Steel's lack of awareness of the role of local authorities in job creation. He has asked for a meeting with Mr Ford to explain the activities of the campaign and the role of the regional council.

Meanwhile, Mr Iain Lawson, SNP vice-convenor and the party's spokesman on steel, said last night that it had received information which indicated that the plate mill review group had completed its studies, and had been instructed to have a report before the board at the earliest date in order to allow a September announcement.

2/8/90

Ravenscraig victim of EC secret deal

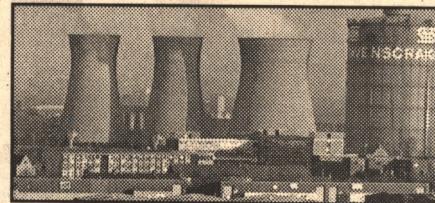
RAVENSCRAIG was offered as a sacrificial lamb in a secret deal struck in Brussels four years ago to ensure the success of the government's privatisation programme, according to a theory that has emerged on the anniversary of the closure announcement.

The government is to be challenged on claims that British Steel, the European Commission and the Department of Trade and Industry conspired to trade off Ravenscraig's future against the political imperative of ensuring the success of BS privatisation.

The EC is said to have turned a blind eye to DTI subsidies to BS on condition the company guaranteed it would shut one of its integrated British plants. Ravenscraig, about to establish itself as the most productive steel mill in Europe, was that plant, and the campaigns to save it were effectively doomed before they started.

Peter Lilley, the Trade and Industry Secretary, will now have to face MPs who want to know if government write-offs of accumulated BS debts of £7bn were passed by EC officials because covert assurances had been given that steel output would be reduced. State subsidies to industry have to be cleared by the EC in case they run counter to European competition policy.

Menzies Campbell, Liberal Democrat MP for North-east Fife, is to raise the matter at the earliest opportunity with the trade and industry select committee. A Commons debate on steel-making has also been scheduled, despite government objections, and Campbell intends to challenge the trade secretary to state if a deal was done.



New evidence suggests that a government deal doomed Ravenscraig in 1987, reports Derek Bateman, Political Editor

A Ravenscraig sellout would be the latest in a series of sweetener deals allegedly struck by Lord Young, the former trade and industry secretary, with EC officials led by Peter Sutherland, then competition commissioner. Young, who resigned last May, discloses in his memoirs that when he took up office in 1987 he promised Mrs Thatcher he would privatise all of the DTI's nationalised industries by 1988.

Since then he has been accused of using £38m of taxpayer's money to ease the path for British Aerospace to buy Rover, and was said by a Commons committee to have misled parliament over the case. Then last week's *Panorama* on BBC1 alleged he forced the closure of a modern shipyard at Sunderland, effectively cutting EC shipbuilding production. According to *Panorama*, the quid pro quo was that the commission would bend its competition policy to allow him to give state inducements to British Shipbuilders to prepare it for privatisation.

Campbell said: "This latest information,

taken together with what we know about arrangements for the sale of Rover and British Shipbuilders, tends to suggest a pattern of behaviour. If there was any question of something similar happening with BS this would be a matter of great concern to the select committee."

Commission staff close to the DG4, the Brussels department involved in 1987, said the example of North East Shipbuilders in Sunderland showed how affairs had been handled when the EC was anxious to win reductions in output.

"DG4 has greater powers than other departments to negotiate with member governments to organise production cuts in different industries," said an EC source.

"Although it seems incredible that a secret deal could be done, the shipbuilding case shows otherwise. The Rover and shipbuilding deals were handled by the same officials and the Ravenscraig sellout fits into that same period."

The chain of events which has left the Scottish Office helpless while a potentially profitable plant and its workers were abandoned has bewildered the industry and MPs, leaving a series of unanswered questions about the motives of the company, the DTI and the role of the commission.

The DTI/EC decision would have been unknown to the Scottish Office, which explains the anger of Malcolm Rifkind, the Secretary of State last year, when he was told of the closure only 24 hours before it was announced.

"The real culprits in this have been the DTI all along," said an industry source. "The Scottish lobby has been aiming at the wrong target. There was nothing the Scottish Office could do to prevent it and they have been left to tidy up the mess."

Thatcher sticks to radical policies

MARGARET Thatcher promised yesterday to fight the next general election campaign on radical policies, including further income tax cuts, extended employee share ownership and measures to tackle pollution.

"A woman's work is never done," she said in her speech to the conference of Scottish Conservatives at Aberdeen. She added that "if we play as a team and keep our eye on the ball", the Conservatives could make it a "grand slam" of four successive election victories.

Last night, she was dining in Edinburgh with the Scotland team that achieved this year's rugby union grand slam.

The Prime Minister treated Michael Heseltine's leadership challenge with disdain. The Tory party was fighting back, she said, not only against Labour and its other opponents but against the "defeatism of faint-hearts".

Speaking the day after the annual inflation rate rose to 9.4 per cent, she reiterated her determination to bring it down, using high interest rates as necessary. Labour did not have a clue how to control inflation, she said. Its leaders were talking of the European Exchange Rate Mechanism (ERM) as though "the mere incantation of those three letters were enough to dispense with any other kind of financial discipline".

Mrs Thatcher, who has grudgingly agreed to join ERM when

By **Nicholas Comfort**
Political Editor

conditions are right, warned that it would be "no soft option". It demanded firm financial self-discipline, and, if it failed, "you have no alternative but to raise interest rates, which is precisely what Labour attack us for doing. ERM is a supplement to sound financial policies, not a substitute".

She went on to ridicule the City lunches at which John Smith, Shadow Chancellor, is reassuring business leaders that Labour would be a responsible government. "It's what you might call Labour's medium-term gastro-nomic strategy," she said.

Mrs Thatcher also indicated that the Government's review of the poll tax would concentrate on helping the hardest hit to pay their bills. "Our aim won't be to protect high-spending socialist councils. It will be to give some protection to those who have to pay for them."

Her speech ended a three-day conference that left Scottish Tory morale at its highest since before the 1987 election. Malcolm Rifkind, the Secretary of State for Scotland, scored a personal triumph, which has quelled for the moment right-wing intriguers eager to replace him with Michael Forsyth, the arch-Thatcherite party chairman in Scotland.

The party assembled after regional elections left it with only a

fifth as many council seats as Labour, and amid apprehension about Friday's inflation figures.

Yet, by the time Mrs Thatcher closed the conference yesterday, delegates had convinced themselves the days of 15 per cent opinion poll ratings were behind them, and that they could even win seats at the next election.

Crucial to this turnaround was their realisation that, with the Government in difficulties, how they perform actually matters to the party. Their president, Michael Hirst, warned that at the next election Scots could no longer "stand idly by, expecting the south of England to give them the benefits of a Conservative government whom they disavow at the ballot box".

Jackson Carlaw of Eastwood, in the Glasgow commuter-belt where the Tories made gains in the local elections, went further, rebuking English Tory MPs for losing their nerve over the poll tax when the Scots had had to take the heat of pioneering it.

Another reason for the still-tentative confidence is that Mr Forsyth's acolytes, no matter how sinister many Scots Tories consider them, have shaken up a moribund party and started getting results. The party fared far less badly in the regional elections than it had feared — including a seat taken from Labour by 4,000 votes — and its overall share of the vote rose.

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